

# The Trust Claims

Arizona School Risk Retention Trust, Inc.

February 25, 2013

Ms. Shari Zara, Chief Financial Officer  
Queen Creek Unified School District No. 95  
20217 E. Chandler Heights Road  
Queen Creek, AZ 85142

RE: ARIZONA SCHOOL RISK RETENTION TRUST, INC. ("Trust")  
Trust File No.: 2012000748T  
Location: Queen Creek High School  
Date of Loss: 10/29/2012  
Type of Loss: Property

Dear Ms. Zara:

The Trust has completed its investigation into the claim submitted by the District for the roof issues and roof framing support system above the Culinary Arts classroom located at Queen Creek High School.

Mr. John Denny, P.E., Forensic Department Assistant Director with Gervasio & Associates, Inc., evaluated the roof issues, including the small cracks and depression on the roof near the ventilation units, and the roof framing support system located above the Culinary Arts classroom. Following Mr. Denny's inspections of the roof and the roof framing system, a copy of Mr. Denny's report, dated December 4, 2012, was previously forwarded to you. Mr. Denny also submitted an addendum to his original engineering report to the Trust on January 2, 2013, and this addendum report was provided to you during our meeting on January 16, 2013.

Our investigation has determined that the water damage to the ceiling tiles and any insulation would not exceed the district's \$1,000 deductible. Furthermore, there is no resultant damage as a consequence of the web stiffeners being omitted from the original and subsequent construction projects.

Based upon information obtained during the claim investigation, the Trust has determined there is no coverage for the claim under Appendix A.3 of the applicable Coverage Agreement (the "Coverage Agreement") between the Trust and the District. Specifically, the Trust asserts the following exclusion contained

in Section 15, Perils Excluded of the Coverage Agreement (however numbered and/or worded from time to time):

- 15.2 Loss caused by or resulting from wear and tear to covered property, loss caused by or resulting from obsolescence of property, loss caused by or resulting from insect, vermin, or decay, loss caused by or resulting from neglect, loss caused by or resulting from gradual deterioration and/or the inherent vice of real or personal property, and/or loss caused by or resulting from the abandonment of and/or the failure to maintain and preserve real or personal property. However, if as a result of damage to property from the perils excluded in this Exclusion 15.2 other covered property sustains direct physical loss or damage, which is covered by the terms and conditions of this Coverage Agreement, such other covered property damage shall be a covered loss, but the covered loss must occur during the Agreement Period applicable to this Coverage Agreement.
- 15.7 Loss or damage caused by or resulting—in whole or in part—from shrinkage, expansion, evaporation, loss of weight, excessive weight, rust, corrosion, contamination, change of flavor, appearance, color, texture, or finish of property, unless such loss is initially caused by direct physical loss or damage covered under the terms and conditions of this Coverage Agreement and results in direct physical damage to property covered under the terms and conditions of this Coverage Agreement and unless the direct physical loss or damage occurs during the Agreement Period applicable to this Coverage Agreement.
- 15.9 Loss or damage caused by or resulting from structural failure, latent defect, faulty workmanship, or faulty materials. However, if as a result of damage to property from the perils excluded in this Exclusion 15.9 other property sustains direct physical loss or damage which is covered by the terms and conditions of this Coverage Agreement such other covered property damage shall be a covered loss, but the covered loss must occur during the Agreement Period applicable to this Coverage Agreement.
- 15.12 Loss or damage caused by or resulting from—in whole or in part—the actual, threatened, or imminent settling, eroding, mudflow, subsidence, shifting, slipping, falling away, caving in, dropping, weakening, cracking, splitting, fraying, tearing, marking, scarring, spalling, denting, gouging, grooving, rippling, buckling, floating, rising, bulging, stretching, bending, shrinking, sinking, tilting, bowing, sagging, movement, or expansion of:



- 15.12.1 Pavement and similar flooring surfaces of any type and purpose, including, without limitation, parking lots, roadways, sidewalks, swimming pools, and sports courts;
- 15.12.2 Foundations of Buildings or other structures;
- 15.12.3 Walls;
- 15.12.4 Floors;
- 15.12.5 Roofs;
- 15.12.6 Ceilings; and/or
- 15.12.7 Any membrane(s) or surface(s) associated with or incorporated into any of the foregoing.

However, if as a result of damage to property from the perils excluded in this Exclusion 15.12 other covered property sustains direct physical loss or damage, which is covered by the terms and conditions of this Coverage Agreement, such other property damage shall be a covered loss.

The Trust's investigation has determined that all or a portion of the above-referenced exclusions apply to the District's claim. Accordingly, based on the information provided and available to the Trust to date, this claim is respectfully denied. Should information be found indicating the cause of the claimed damage to be any cause other than those excluded, please promptly advise the Trust and provide such information to it for further evaluation and investigation. Likewise, please notify the Trust if you discover any new or additional damage to property that you believe may be related to these claims.

Of course, the Trust also reserves the right to assert any additional grounds and/or bases supporting denial of coverage-in whole or in part-in connection with these claims. As such, nothing in this or any prior communication is intended or may be construed as a waiver, election, modification, or tolling of any rights, defenses, limitations, conditions, or exclusions available to be asserted by the Trust pursuant to the Coverage Agreement and /or applicable law.

Should you have any questions or otherwise wish to pass along additional information relative to the above claim, please feel free to contact me at (602) 200-2424 or via e-mail at [khainline@the-trust.org](mailto:khainline@the-trust.org).

Sincerely,

A handwritten signature in cursive script that reads "Kent Hainline". The signature is fluid and elegant, with the first letters of each word being capitalized and prominent.

Kent Hainline, AIC  
Senior Property Claims Adjuster

Enclosures